

## CHAPTER 7

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# RD-108 – APPLICATION FOR TITLE AND REGISTRATION

### Section 7-1

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#### REPORTING RETAIL SALES

**7-1.1 Authorization.** Section 206 of the *Michigan Vehicle Code* (MCL 257.206) authorizes the Michigan Department of State to establish reporting requirements for motor vehicle title/registration applications. The RD-108 is the approved form and is available from several sources which are listed in Appendix B.

**7-1.2 Making Application.** The RD-108 form is a combined tax collection, vehicle title/registration application, and statement of vehicle sale. Each RD-108 must be typed and completed in full.

### Section 7-2

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#### SUBMITTING THE RD-108

**7-2.1 Payment Options.** Only business checks written by the dealer will be accepted. However, Class A, B, and D dealers may choose to pay for their transactions by means of Electronic Funds Transfer (EFT), instead of writing checks for each transaction.

Dealers may sign up for EFT by requesting an application from the Office of Quality Assurance, Program Procedures Section, at 517/241-6865, or by requesting an application by fax (telephone the Michigan Department of State Fax-on-Demand at 517/335-4FAX and request item number 420). To receive an application by fax, dealers must use a touch-tone telephone and have a fax machine to receive the document. Applications are also available at Secretary of State branch offices.

**7-2.2 Requirements.** When selling a vehicle, the dealer is required to submit the RD-108 to the Secretary of State, and to acquire or transfer a license plate for the purchaser, within 15 days of the delivery date.

- a) **Late Fee.** A \$15 late fee is added when the dealer does not submit the RD-108 within 15 days of delivery. To compute whether the late fee is due, add 15 days to the date of delivery in the upper-left corner of the RD-108. If the 15th day is a Saturday, Sunday or holiday, the deadline for submitting the RD-108 without the late fee is the next State of Michigan business day.

- b) Processing Time.** Secretary of State branch offices typically process RD-108s within 48 hours after receipt. Dealers should drop off RD-108s and pick them up as advised by Secretary of State branch office staff. Up to three RD-108s can be processed if the dealer's representative waits in line.

*NOTE: The RD-108 form contains a purchase date and a delivery date in the upper left corner. The dealer should make certain that the delivery date is the actual date the vehicle was delivered.*

## **Section 7-3**

### **CHECKLIST**

When completing an RD-108, double-checking the following information can minimize errors and returns for correction (see sample RD-108 at end of this chapter).

**a) Left Column:**

- 1) Purchase date – Enter the date the vehicle is purchased (paperwork signed, etc.);
- 2) Delivery date – Enter the date the customer actually takes delivery of the vehicle;
- 3) Dealer Information – This must be complete, including dealer number and Michigan sales tax number;

*NOTE: If the dealership operates under a d/b/a, use the d/b/a in this section.*

- 4) Vehicle Sold – Check New, Used, or Demo;
- 5) Trade-in – All boxes must be completed if there is a trade-in vehicle;
- 6) Temporary Vehicle Registration – Complete the temporary registration box when transferring a license plate to a newly purchased vehicle;
- 7) Special Use Box – Check one of the boxes, if applicable;
- 8) Odometer Mileage Statement – Enter the vehicle mileage at the time of sale. Check one box: “Actual Mileage,” “Not Actual Mileage,” or “Exceeds Mechanical Limits of Odometer” (i.e., numbers on odometer “rolled over”);
- 9) Remarks – Use when additional information is required, such as name changes, relationship on family license plate transfers, tax computation on in-transit sales, federal excise tax on large trucks, lease tax number, sales tax exemption claim statements, etc.;
- 10) Contractual Disclosure Statement for Used Vehicles Only – This box is optional. Dealers must disclose this language to their customers to comply with the federal window sticker or buyer's guide requirements, but may use a separate form to provide disclosure.

- 11) Dealer's Signature – Sign and print job title (e.g., owner, agent, etc.);
- 12) Purchaser's/Owner's Signature(s) – All persons shown as purchasers must date and sign the RD-108. The date will typically match the purchase date.

**b) Right Column:**

- 1) Plate Number – For transfers, enter customer's current plate number; for new plate, leave blank;
- 2) Expires On – For transfers, enter the current plate's expiration date; for new plate, enter the computed expiration date, including the four digit year (e.g. 2001, 2002, etc.). See the plate expiration chart at the end of this chapter.
- 3) Months – If buying a new plate, enter the number of months the plate is valid. If transferring a plate, leave blank;
- 4) New Plate, Renewal, or Transfer – Check as appropriate;
- 5) Year, Make, Body Style, and Vehicle Number – Enter from MCO, electronic inventory record or previous title. Accuracy is essential. See Section 7-4.19 in this chapter.
- 6) Weight or Fee Category – The proper weight or fee category for vehicles can be determined as follows:
  - i) For new vehicles, determine the category by using booklet MV-118, *Michigan License Plate Fees and Base Prices*, or by using the MSRP;
  - ii) For used vehicles, determine the category by using booklet MV-118, *Michigan License Plate Fees and Base Prices*, or by using a previous title;
- 7) Owner's Driver License or Personal ID Number(s) – Dealers must identify all owners and submit this information for all owners. Always required. For a business, enter "C". For an out-of-state driver license, enter "OOS";
- 8) County of Residence – Must be correct for the purchaser's address;
- 9) Owner's or Lessor's Complete Name(s) and Address – Enter name from driver license and current address as completed by the purchaser;
- 10) Lessee's Complete Name(s) and Address – In case of lease vehicles, enter complete names and addresses of all lessees;
- 11) Insurance Company – Enter the company name (not agency name) and policy number. Verify proof of Michigan no-fault insurance for new plates and renewals. Fax or photocopies are acceptable. It may be necessary to contact the insurance agency to verify the insurance;
- 12) First Secured Interest – Show name and complete address (or enter "NONE");
- 13) Second Secured Interest – Use only if applicable;

**14)** Bill of Sale – The RD-108 satisfies the requirement that dealers must execute a written statement setting forth the terms of the sale to the buyer. The purchaser must be given a photocopy of the RD-108 at the time of signing. The RD-108 is approved by the Secretary of State and the Michigan Department of Treasury. General instructions for the Bill of Sale follow:

- i)** Furnish all information as requested on form RD-108. The information provided must verify the purchase price of the vehicle shown on line number 1 (right column).
- ii)** If the sale is tax-exempt, state the reason for the exemption in the Remarks section on the left. If purchased for resale or lease, also include the buyer's sales tax license or use tax registration number.
- iii)** Authorized discounts are exempt from sales tax only when the discount is given to the purchaser at the time of sale and when shown on the invoice, the sales order, the dealer records, and the RD-108. If a bona fide discount is given, the word "discount" and its dollar amount must be stated in the Remarks section of the RD-108.
- iv)** Line 1. The purchase price of a vehicle includes the factory-installed accessories and the freight, and the dealer-installed accessories.

Labor charges for dealer-installed *optional* accessories do not have to be included in the purchase price, provided a work order becomes part of the seller's records and the labor charges show on line 5 of the RD-108. Required accessories are not tax-exempt.

- v)** Line 2. An entry must be made on line 2 whenever taxable charges (e.g., document fees, service fees, etc.) are a part of the gross sale. "Other taxable charges" may include waxing or undercoating a motor vehicle, service cards or certificates, and other services whenever these services or certificates are *non-optional*. The \$1.00 temporary registration should be entered on this line, if charged. See Section 7-4.3 for information on document fees.
- vi)** Line 5. "Non-Taxable Charges" includes all exempt charges on optional purchases or services, federal excise tax, etc. Labor and service charged on optional purchases must be supported by work orders.
- vii)** No deduction from the selling price can be taken from a trade-in vehicle.
- viii)** Permission for self-supply of the RD-108: dealers who are interested may have printed, personalized forms showing the dealer's name, address, and city. These must be printed on paper of the same weight, colors, and size. These also must display printing of the same size type, same order, and same spacing. The title of the RD-108 shall not be eliminated or obscured.

- 15) Temporary Registration Number – Enter the control number from the BSF-4, if one is issued;
- 16) Salesperson – Not required by the Secretary of State;
- 17) Temporary Permit Fee Charged – If dealer has charged \$1.00 fee for temporary registration please check box “Yes”, otherwise check box “No”. Enter \$1.00 fee on line 2 of the bill of sale;
- 18) Code – Enter the appropriate license plate code:
 

Passenger.....	Code 1	Commercial.....	Code 3
Motorcycle.....	Code 2	Trailer.....	Code 4
- 19) County – Enter the 2-digit county code (listed at the end of booklet MV118, *Michigan License Plate Fees and Base Prices*, and at the end of this chapter);
- 20) License Fee – For a new plate, enter the computed fee;
- 21) Title – Enter the title fee;
- 22) Title Late Fee – Enter the \$15.00 title late fee, if applicable. The 15-day period is calculated from the delivery date (see Section 7-3, Item 2);
- 23) Tax – Enter the 6% sales tax (line 3 x .06). If exempt, explain in the Remarks section;
- 24) Transfer Fee – Enter the \$8.00 fee if license plate is transferred. A transfer fee is not charged if the plate is also being renewed;
- 25) Total – This figure should match the amount of the check;
- 26) Full Rights to Survivor – When there is joint ownership, check the appropriate box.

## Section 7-4

### SPECIAL INSTRUCTIONS FOR RD-108s

**7-4.1 Body Style.** Body styles used by the Michigan Department of State are listed in this chapter; see Table 2, *Standard Body Styles for Michigan Title and Registration*. Add the following descriptions in the body style box of the RD-108 for certain vehicles, and check the appropriate special use box, as listed below:

- a) Vehicle used by law enforcement: “Police”;
- b) Vehicle used as a taxi cab: “Taxi”;
- c) Vehicle used by a unit of government (state, county, city, school district, etc.): “Municipal”;
- d) All recertified salvage vehicles: “R”.

**7-4.2 Fee Category or Weight.** Except for a few types of vehicles, such as incomplete vehicles, either the fee category or weight must be shown on all RD-108s.

*NOTE: Refer to booklet MV-118, Michigan License Plate Fees and Base Prices, available from Secretary of State branch offices.*

- a) **1984 or Newer.** The ad valorem fee category (base price) is used for 1984 and later model passenger vehicles, and for 1984 and later model pickup trucks and vans which weigh 5,000 pounds or less. Other vehicles use empty weight, while larger trucks usually use elected gross vehicle weight (GVW). See Table 1 below.

**Table 1**  
**Vehicle Fees Based on Value and Weight**

	Passenger Vehicles	Privately-owned Pickups & Vans	Company-owned Pickups & Vans	Trucks Other than Pickups & Vans
84 and Newer	Base Price	Base Price (weight if over 5,000 lbs.)	Base Price (weight if over 5,000 lbs.)	Weight
83 and Older	Weight	Weight	Weight	Weight

- b) **Fee Category.** Base prices are represented by fee categories. Fee categories are in \$1000 increments. If the base price of the vehicle is between \$1 and \$9,999, the fee category is a single-digit number (1-9). If the base price is between \$10,000 and \$99,999, the fee category is a two-digit number (10-99). If the base price is \$100,000 or more, the fee category is a three-digit number. For example:

**Base Price:**

**Fee Category:**

\$9,971.....	9
\$22,550.....	22
\$116,230.....	116

- c) **No Base Price.** If no base price is established for the vehicle (motor homes and buses, either new or used), use the full purchase price of the vehicle (line 1 on the RD-108), converting it to a fee category.
- d) **Ownership Change.** If a dealer sells a 1984 or later pickup or van with a weight showing on the title, the weight is no longer used. The vehicle is converted to a fee category. Find the vehicle's base price in the Michigan Department of State's booklet MV-118, *Michigan License Plate Fees and Base Prices*, and enter it in the "Wt. or Fee Cat." box on the RD-108.

**7-4.3 Document Fees.** Dealers may charge up to \$40 to cover the cost of document preparation. The document fee is taxable and is entered on line 2 of the RD-108. The Division of Financial Institutions has determined that dealers may charge or not charge the document fee to particular classes of customers. For example, General Motors Corporation does not allow dealers to charge its employees the document fee when they purchase GM products on the employee preference plan. The selling dealer may exempt GM employees as a class and charge the fee to all other customers. The only stipulation is that all customers within a class must be treated the same.

**7-4.4 Commercial Plate on Passenger Vehicle.** On occasion, the purchaser of a new or used passenger vehicle may wish to obtain a commercial plate for the vehicle. In this case, calculate the plate fee based both by value and weight. The higher of the two fees is due. Enter the fee category or weight, whichever yields the higher fee, on the RD-108.

**7-4.5 Van Conversions.** For van conversions, since the van was a *completed* vehicle before it was modified (customized), use the base price established by the manufacturer. This applies even though the retail price of the customized van is much greater.

**7-4.6 Motor Homes.** For new motor homes, the base price is determined from the price of the *completed* vehicle. Since there is usually no base price, the ad valorem fee category is determined from the purchase price shown on line 1 of the RD-108. For used motor homes from another state, use the current purchase price shown on line 1 of the RD-108.

**7-4.7 Name Information on the RD-108.** Enter the full name of the vehicle owner(s) as it appears on the owner's driver license. Do not include professional titles. Do not use "Care of" or "c/o". A business may show a file or claim number after its name. Use "and" to connect two owner's names, not "or". See also Section 7-4.10, "Leased Vehicles."

**7-4.8 "Doing Business As" for a Solely-owned Business.** A person who solely owns a *business* may show both his/her name and the business name on the title. This procedure does not apply to a partnership, corporation or association. On the RD-108 show "Owner's Name d/b/a Business' Name." The "d/b/a" refers to "doing business as."

Vehicles titled in a business name should not also show an individual name unless there is dual ownership (which is rare), in which case the two names are connected by "and". In this case, two owner signatures are required. If a business wants the title mailed to the attention of an individual, form TR-114, *Special Mailing of Certificate of Title*, should be used rather than showing the individual's name on the title.

**7-4.9 Address.** The RD-108 must show the location of the applicant's residence or the business address. Individuals may use a post office box number in addition to the street address, but not by itself. A business may use a post office box number by itself. If used, an apartment number, lot number, or post office box number should follow the street address. Use the zip code associated with the post office box number.

**7-4.10 Leased Vehicles.** The name and address of both the lessor and the lessee are required. The driver license or personal ID number for all lessees is also required. Separate boxes are provided in the right column of the RD-108. The lessor (vehicle owner) must also have a Michigan tax registration number. If not, tax is due. Either party may transfer a license plate to or from the vehicle.

*NOTE: Even though the RD-108 provides separate boxes for lessor and lessee, the lessor should complete form TR-114, Special Mailing of Certificate of Title, to ensure that the title is mailed to the lessor's address.*

**7-4.11 Secured Party.** The dealer is responsible for recording a lien on the RD-108. If a lien was intended to be shown and was not, the dealer – not the Secretary of State branch office – must make all necessary corrections by retrieving the RD-108. If it is not retrieved by the day it is processed, it is too late. The dealer must then retrieve the new title from the customer and apply for a corrected title.

**7-4.12 Lien Terminations.** Class A and B vehicle dealers are not required to submit lien termination statements with RD-108s.

**7-4.13 Errors.** Depending on the error on the MCO or title, the person who made the error should complete and sign a *Certification*, form TR-34, to explain the error. A single line should be drawn through the incorrect information. Do not use “white-out” or correction tape. Do not erase any information.

**7-4.14 Odometer Disclosure with RD-108s.** Vehicle dealers must complete the odometer statement on all conforming titles and MCOs transferred to a purchaser or another dealer unless the vehicle is exempt. The odometer mileage must also be typed on the RD-108.

- a) **Exempted Vehicles.** An odometer statement is not required for the following vehicles:
  - 1) Vehicles with a GVW rating of 16,000 pounds or more;
  - 2) Vehicles which are not self-propelled (trailer, etc.);
  - 3) Vehicles 10 model years old or older. These are determined using the following formula: current calendar year minus 10 = first model year a vehicle is exempt;
  - 4) Transfer of a new vehicle from the manufacturer to a dealer.
- b) **Odometer Reading.** Do not use tenths of a mile. Provide the vehicle’s odometer reading and declare which of the following statements describes the mileage:
  - 1) Actual Mileage;
  - 2) Not Actual Mileage; or
  - 3) Mileage Exceeds Mechanical Limits (numbers on the odometer have rolled over).
- c) **Older Michigan Titles.** The older 4” by 9” Michigan titles do not have a conforming odometer statement. Therefore, when assigning one of these titles, a dealer must complete a separate odometer statement. See Chapter 4, Sections 4-3 and 4-4 for information.
- d) **Out-of-state Titles.** With out-of-state titles, a separate odometer statement is required if the title does not contain a conforming odometer statement See Chapter 4, Sections 4-3 and 4-4.5 for information.

- e) **Michigan Conforming Titles.** All newer 7" x 8" or 8½" x 11" Michigan titles contain conforming odometer statements. A separate odometer statement is not used. See Chapter 4, Section 4-3.
- f) **Separate Odometer Statements.** When a separate odometer statement is required, submit the original copy with the RD-108.
- g) **Dealer's Responsibility.** It is a dealer's responsibility to determine which MCOs and out-of-state titles have conforming odometer statements. If more information is needed, contact the Dealer Program Section at 517/373-9082.

**7-4.15 Special Mailer (Form TR-114).** Michigan titles are mailed to the owner unless the owner directs otherwise. Complete form TR-114, *Special Mailing of Certificate of Title*, when the owner requests that the title be sent to another party.

**7-4.16 Manufacturer's Certificate of Origin (MCO).** An MCO is required when a new automobile, motor home, truck, or motorcycle is titled.

- a) **Procedure.** The MCO is assigned on the back. Each reassignment must be completed in full. If all reassignments are used, the dealer may request a reassignment form from the manufacturer. The odometer statement on the MCO must be completed with each reassignment.
- b) **Paperless MCO.** An RD-108 is accepted without an MCO for new Chevrolet, Buick, Pontiac, Oldsmobile, Cadillac, Saturn, GMC truck, Chrysler, Plymouth, Dodge, Jeep-Eagle, Mercedes-Benz, Ford, Lincoln, and Mercury vehicles. The following points may be helpful to remember:
  - 1) Since there is no paper MCO, a dealer must submit a separate odometer statement with the RD-108;
  - 2) If the vehicle is an incomplete vehicle, manufacturers must supply paper MCOs. These must be submitted with the completed RD-108 to the dealer's Secretary of State branch office;
  - 3) For in-transit sales, the dealer must request an MCO from the manufacturer and give it directly to the purchaser. The purchaser will need the MCO in his/her home state. For these vehicles, the Secretary of State branch office does not need the MCO. See Chapter 3, Section 3-9 for more information on in-transit permits;
  - 4) This program only involves Michigan dealers. Individuals purchasing a new vehicle from an out-of-state dealer must present an assigned MCO at the Secretary of State branch office.

**7-4.17 Cab and Chassis MCO – Vehicle Incomplete.** Dealerships may sometimes sell a cab and chassis unit without a body. The MCO for these vehicles shows “Incomplete”, “Cab and Chassis,” or “Cutaway Van.” The vehicle may be titled but not registered.

- a) When selling an incomplete vehicle, enter “Incomplete” on form RD-108 for the body style. No weight or fee category is shown. Submit the cab and chassis MCO. No plate or permit can be issued. A dealer plate can be used to deliver the vehicle. The vehicle can also be towed or trailered;
- b) The purchaser’s new title will read “Not Eligible for Plate – Safety Inspection Required.” To register the vehicle, the owner must complete the vehicle, have it inspected using form TR-54, *Vehicle Number and On-Road Equipment Inspection*, and apply for a corrected title.

**7-4.18 Cab and Chassis MCO – Vehicle Complete.** Some dealers will add a body unit to an incomplete vehicle to make it a van, stake truck, tank truck, or utility vehicle. This completes the vehicle. When selling a completed vehicle, the dealer must submit with the RD-108 either the invoice (a copy is acceptable) for the body unit or form TR-54, *Vehicle Number and On-Road Equipment Inspection* (both parts must be completed by a law enforcement officer). For tractors, a certification stating a fifth wheel was added may be used in place of an invoice. The cab and chassis MCO must also be submitted.

**7-4.19 Two-stage Vehicles.** Two-stage vehicles involve two manufacturers and MCOs.

- a) The first-stage manufacturer provides the cab and chassis unit with an MCO (Ford, Dodge, GMC, etc.). That MCO shows “Incomplete”, “Cab and Chassis,” “Cutaway”, etc. The VIN is from the frame of the first-stage manufacturer.
- b) The second-stage manufacturer completes the vehicle by adding a body or other components (e.g., motor home, ambulance, school bus). The second-stage manufacturer provides an MCO for the completed vehicle. Submit both MCOs when a two-stage vehicle is sold. The year, make, and body style are from the second-stage manufacturer.
- c) For motor homes, the RD-108 must contain a description of any major component part which has its own MCO. For example, a 2001 Champion motor home on a 2000 Dodge chassis.

**7-4.20 Standard Body Styles for Michigan Title and Registration.**

**Table 2**  
**Standard Body Styles for Michigan Title and Registration**

Body Style	Includes		
2-Door	Hardtop	Coupe	
4-Door	Sedan	Limousine	Hardtop Sedan
Ambulance			
Bus	Motor vehicle designed for carrying more than 15 passengers.		
Convertible			
Dump	Dumpster-Hoist	Dump Box	
Hearse			
Incomplete	Cab and Chassis (title only, no plate allowed)		
Low-Speed Vehicle	Electric-powered vehicle with a top speed not exceeding 35 mph.		
Mixer	Cement Truck	Feed Grinder	Transit Mixer
Motor Home	Vehicle constructed or altered to provide living quarters including permanently installed cooking and sleeping facilities and used for recreation, camping or other non-commercial use.		
Motorcycle	Motor vehicle with not more than 3 wheels in contact with the ground which is not a moped.		
Panel	Sedan Delivery		
Pickup	A light duty truck with a low-sided open body (e.g., Sport-Trac).		
Roadster	Dune Buggy		
Stake	Box	Glass Rack	Rack
	Canopy	Grain	Cattle Rack
	Pallet	Log Bunk	Tilt Bed
	Flat Bed	Platform	
Station Wagon	Vehicle which has one or more seats behind the driver and 2 or more windows on each side (e.g., mini-vans, SUVs, etc.).		
Tank	Water Spreader	Sprayer	Asphalt Spreader
	Bulk Pumper	Gas Truck	Sludge Truck
	Tank Fire Truck	Oiler	
Tractor	Truck Tractor	Road Tractor	Semi Tractor
Trailer	All trailers except Trailer Coach		
Trailer Coach	Coach	Camper	Travel Trailer

Body Style	Includes		
	Pop-Up Camper	Camping Trailer	
Utility	Boom Truck	Journeyman	Tool
	Cable Reel	Service	Tire Body
	Camera	Gas Service	Tree Mover
	Winch	Hi-Ranger	Crane
	Tree Trimmer	Splicer	Armored Car
	Trouble Rig	Tower Truck	Well Driller
	Ladder Truck	Line	
Van	Bakery	Walk-In	Beverage
	Milk	Refrigerator	Cargo
	Parcel Delivery	Package Delivery	Step Van
Wrecker	Tow Truck	Flatbed Wrecker	Platform Wrecker

## Section 7-5

### REGISTRATION

*NOTE: Refer to the license plate fee charts found in the booklet MV-118, Michigan License Plate Fees and Base Prices. This booklet is available from Secretary of State branch offices.*

**7-5.1 Dealer Responsibility.** When a dealer sells a vehicle, Michigan law requires that the dealer apply for registration on behalf of the purchaser within 15 days of delivery. It is the dealer's responsibility to purchase or transfer a plate for the customer within this time using the RD-108 title application.

**7-5.2 Exceptions – Title Only Sales.** Dealers may sell a vehicle at retail and process the transaction as "title only" (no registration) if the sale is:

- a) **Title Only – No Registration – Vehicle Inoperable.** This means the vehicle cannot be driven. The vehicle must be towed or trailered from the dealership. The dealer must enter "Vehicle Inoperable" in the Remarks section of the RD-108 and indicate how the vehicle was removed from the lot.
- b) **Title Only – No Registration – Customer's Request.** This means the customer requests no registration. The dealer must also enter the method of delivery: "Vehicle Towed," "Vehicle Trailered," or "Vehicle Delivered on Dealer Plate";
- c) **Title Only – No Registration – Registration Denial.** See Section 7-7.4 for more information on registration denial; or,
- d) **Salvage.** Salvage vehicles are not eligible for registration.

*NOTE: In all other cases, dealers must apply for title and registration. Proof of insurance is required. Dealers should never allow vehicles to be removed unless they are properly insured, registered, towed, hauled by a trailer or driven with a dealer plate.*

**7-5.3 New License Plate.** If the customer does not own a current plate in his/her name to transfer to the vehicle being purchased, a new plate must be purchased. To accomplish this, the dealer does the following:

- a) Determine the expiration date for the new plate; and,
- b) Determine the plate fee.

**7-5.4 New License Plates – Expiration Date.** License plates have different expiration dates, depending on ownership and body style:

- a) For privately-owned passenger vehicles, motor homes, pickups, and vans, the license plate expires on the owner's birthday. For all other types of trucks owned by an individual (stake, utility, etc.), plate expiration is on the last day of February;
- b) For company-owned passenger vehicles, plate expiration is on the first of any month or, if used commercially (such as a taxi), on the last day of February;
- c) For company-owned trucks, expiration is the last day of February.

**7-5.5 New License Plates – Prorating Months.** The fees for new plates which expire on the owner's birthday and for company-owned passenger vehicles are prorated for the number of months until expiration. Use the vehicle delivery date as the base date. The vehicle delivery date is the date in the upper left corner of the RD-108.

- a) When counting months, count both the month of delivery and the month the plate will expire. The minimum number of months a plate is sold for is 6. If the expiration month is 5 months away or less, 12 months are added. Thus, plates are valid between 6 and 17 months;
- b) A prorating chart is provided in booklet MV-118, *Michigan License Plate Fees and Base Prices*. Under the heading "Plate Sold During Month Of," find the vehicle delivery date. Across from this and under the column showing the owner's birth-month is the number of prorated months. For "Plate Sold During Month Of", use the Month of Delivery. See Section 7-3, Item 2;
- c) Fees for company-owned trucks are not prorated. The plates expire on the last day of February. They are always sold for the full 12-month fee unless the vehicle qualifies for a half-year plate.

**7-5.6 New License Plates – Determining Fees.** To determine a new license plate fee:

- a) First determine the plate's expiration date and the number of months a fee will be charged. See the information above for prorating number of months;

- b) Then use the vehicle registration chart in booklet MV-118, *Michigan License Plate Fees and Base Prices*, to determine whether the plate fee is based on vehicle weight or vehicle value (base price).
- c) Finally, find the plate fee from the appropriate plate fee charts, as outlined below:
  - 1) Ad valorem (value) fees;
  - 2) Weight fees for 1983 and earlier models; or,
  - 3) GVW fees.

*NOTE: For a vehicle registered by value, use the vehicle's base price. These are listed in the Secretary of State's booklet MV-118, Michigan License Plate Fees and Base Prices. The base price is the MSRP (Manufacturer's Suggested Retail Price) shown at the top of the vehicle's window sticker before any options, taxes, delivery charges, or destination charges are added.*

**7-5.7 Using the Ad Valorem or Value (Base Price) Plate Fee Charts.** The ad valorem registration system registers vehicle by value (base price). The ad valorem fee charts in booklet MV-118, *Michigan License Plate Fees and Base Prices*, summarize which vehicles use base price for their plate fee.

- a) **Value Categories.** On the left side of the chart are the value categories. The first category is \$0 to \$5,999. The remaining categories are in \$1,000 increments from \$6,000 to \$99,999;
  - 1) On the right side are the number of months a plate is prorated (from 6 to 17);
  - 2) Then there is the level of the fee. "Level" refers to the level of depreciation of the plate fee. The plate fee is reduced as the vehicle gets older;
  - 3) The "0" level is used for all new (untitled) vehicles and current model year used vehicles;
  - 4) The "1" level is used for 1-year-old used vehicles;
  - 5) The "2" level is used for 2-year-old used vehicles;
  - 6) The "3" level is used for 3-year-old and older used vehicles.
- b) **Determining Plate Level.** The formula to use to determine plate level is: Current calendar year minus vehicle model year = plate level.

Examples:

During 2002, a 2001 *used* vehicle receives a plate at the "1" level (2002 - 2001 = 1).

During 2002, a new (untitled) 2001 vehicle receives a plate at the "0" level. All new vehicles, regardless of age, use the "0" level.

- c) **Determining Plate Fee with Base Price.** To find the plate fee for a vehicle registered by base price:
- 1) Determine the plate's expiration date (see Section 7-5.4);
  - 2) If prorated, prorate the number of months (see Section 7-5.5);
  - 3) Determine the fee category (see Section 7-5.6);
  - 4) Determine the plate fee level (see Section 7-5.7); locate the plate fee from the ad valorem fee chart.
- d) **Prorated GVW Plate Option – 3 to 11 Months.** Most GVW plates are issued for 3, 6, or 12 months. These are shown in the fee chart for GVW plates in booklet MV-118, *Michigan License Plate Fees and Base Prices*. However, an owner may request a GVW plate for 4, 5, 7, 8, 9, 10, or 11 months. The expiration date will be 3 to 11 months from the date of issue from the Secretary of State branch office. There is a \$10 service fee added to the plate fee. To calculate a prorated GVW fee for 4, 5, 7, 8, 9, 10, or 11 months:
- 1) Find the 12-month GVW fee;
  - 2) Subtract \$5 from the 12-month fee and divide by 12. This is the fee per month;
  - 3) Multiply the fee per month by the number of months requested. Round this amount to the nearest dollar. Add \$5, and then add the \$10 service fee.

**7-5.8 Farm Plates.** All farm vehicles used on-road, other than implements of husbandry, must be titled and registered. If the customer wants a farm plate for a truck, there are three types. These are described below as Options 1, 2 and 3.

- a) **Option 1: \$20 Special Farm Plate.** To qualify for this plate, the farm vehicle must be a truck (including pickup or van) or road tractor. It must be used **exclusively** for one or more of the following:
- 1) Transporting farm crops or livestock bedding between the field where produced and the place of storage. A grain elevator is considered a place of storage. "Livestock bedding" means straw, sawdust, or sand.
  - 2) Transporting fertilizer, seed, or spray material from the farm to the field.
  - 3) Transporting feed from on-farm storage to an on-farm feeding site. "Feed" means hay or silage.

The truck cannot be used for any other purpose, including transportation of crops for compensation (commonly called "custom work"). This plate is ordered through the Secretary of State branch office. The owner will receive the plate in the mail within 10 days;

- b) Option 2: Farm Plate Rate of 74¢ per 100 Pounds Plus \$5.** Any farm truck or truck tractor can qualify for this reduced rate license plate. The truck must be used exclusively in connection with the farming operation and can also be used for the transportation of the farmer and the farmer's family. *The truck cannot be used for hire.* The farm can be operated by an individual, company, or corporation. The fee is based on the empty weight of the truck. Use the fee chart for farm trucks in booklet MV-118, *Michigan License Plate Fees and Base Prices*.

A tree nursery, landscaping service, or greenhouse may choose this special farm rate for a truck used exclusively in its farming operations. The farm truck can be used to transport farm products from the farm, field or greenhouse (the harvest location) to a wholesale or retail outlet. The truck cannot be used for delivery from the sales lot or store.

- 1) Fees and expiration dates are determined as follows:

<b>Pickups and Vans Owned by an Individual</b>	Plate expires on the farmer's birthday (prorated fee)
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- 2) To prorate this fee, find the 12-month weight fee for the pickup truck or van using the fee chart for farm trucks. Subtract \$5 from the fee shown and then divide it by 12 (do not round). Multiply this amount by the number of months to the farmer's birthday. Round this amount to the nearest whole dollar. As a final step, add \$5. There is no service fee.

<b>Pickups and Vans Owned by a Business and All Other Farm Trucks</b>	Plate expires on February 28 (if over 6,050 lbs., the truck is eligible for a partial year plate – see below); Use the farm plate fee chart.
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- c) Farm Trucks over 6,050 lbs.** The farmer may choose:

- 1) A full-year plate expiring February 28. Use the farm plate fee chart. There is no service fee;
- 2) A plate expiring six months from the date issued. Use the farm plate fee chart and add the \$10 service fee; or,
- 3) A special prorated farm plate sold for 3 to 12 months. See Option 3.

- d) Option 3: Prorated Farm Plate.** A farmer (individual or business) may buy a prorated farm plate under Option 3 for any number of months from 3 to 12. The empty weight of the truck must be over 6,050 pounds to qualify. There is a \$10 service fee.

*NOTE: When prorating this fee, the law requires the farmer to pay 1/10 the full-year farm fee for each month desired (divide the full-year fee by 10 instead of 12).*

To calculate this fee for 3 to 12 months:

- 1) Find the 12-month weight fee for the truck using the fee chart for farm trucks. The empty weight must be over 6,050 pounds to qualify.

- 2) Subtract \$5 from the 12-month fee and then divide by 10. This is the fee per month (do not round).
- 3) Multiply the fee-per-month by the number of months requested. Round to the nearest dollar. Add \$5 and then add the \$10 service fee.

**7-5.9 License Plate Transfers.** When a dealer sells a vehicle, the purchaser may elect to transfer a license plate to the newly-acquired vehicle. In certain other situations, a license plate may be transferred. Guidelines for plate transfers are listed below.

**a)** Plate transfers are permitted in the following situations:

- 1) When the plate owner acquires another vehicle;
- 2) When a vehicle is being titled in two names, and one of the new owners has a plate to transfer;
- 3) When a vehicle is being titled in one name, and the purchaser has a plate showing dual ownership;
- 4) When there is a trade-in from a family member. The purchaser may use the plate from the trade-in. Explain the relationship in the Remarks section;

*NOTE: For plate transfers, family is defined as the owner's spouse, father, mother, brother, sister, child, stepparent, stepchild, stepbrother, stepsister, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandparent, grandchild, or a legally appointed guardian. It does not include aunts, uncles, cousins, nieces, and nephews.*

- 5) To or from *solely-owned* companies;
- 6) A lessee may transfer his/her own plate to a vehicle being leased;
- 7) When plate ownership remains the same but the owner's name is legally changed. Explain the name change in the Remarks section.

**b)** Plate transfers are not permitted in the following situations:

- 1) Between family members without a trade-in;
- 2) On 3-month to 6-month, 6-month to full-year, and vice versa;
- 3) On family-owned company vehicles when there is more than one owner, unless the registration shows joint ownership;
- 4) When a corporation, company, association or partnership is being formed, reorganized, or dissolved;
- 5) Between a corporation and its subsidiaries.

*NOTE: Some transfer of ownership situations must be evaluated by the Secretary of State on a case-by-case basis to determine whether the plate can be transferred or not.*

**7-5.10 Change of Plate Classification.** An owner may transfer his/her license plate to another vehicle with a different body style classification. In most cases, this involves transferring a passenger plate to a pickup or van, or vice versa. Credit is given for the time remaining on the previous registration, and a new plate corresponding to the body style of the new vehicle is issued. The old plate does not have to be turned in, either to the dealer or to the Secretary of State. If the plate is turned in to the dealership, it should be destroyed immediately.

In some cases, an added weight fee is due with a change of classification. In addition, the expiration date will change with certain changes of body style. Added fees are determined using either Method 1, under which the license plate expiration date remains the same, or Method 2, under which the expiration date is changed to either February 28 or March 31.

- a) Method 1 – The license plate expiration date remains the same;
- b) Method 2 – Change the license plate expiration date to February 28 for trucks or March 31 for motorcycles.

**7-5.11 License Plate Transfer Procedures.** After determining that a plate may be transferred, use the following procedures:

- a) The previous registration should be submitted. If it is not available, verify the registration information by contacting your designated branch office;
- b) On the RD-108 form, do the following:
  - 1) Enter the plate number and its expiration date. The expiration date (month and day) is changed when a plate with a birthday or first of the month expiration date is transferred to a vehicle requiring a fixed expiration date (February 28 or March 31);
  - 2) Determine whether an added fee is due. Use the charts on the following pages. An added fee is entered in the “License Fee” box;
  - 3) Enter the \$8 transfer fee (unless the plate is being both transferred and renewed – then only the renewal fee is due);
  - 4) The number of months box is left blank (unless the plate is also being renewed, then enter “12”).

**7-5.12 Added Fees.** For most plate transfers, an added fee will not be due. An added fee is due in the following situations:

- a) When a license plate for a vehicle registered in one classification is transferred to a vehicle in a different classification (motorcycle to passenger car, etc.);
- b) When a commercial plate is transferred to another commercial vehicle which weighs more;
- c) When a plate from a passenger car is transferred to a motor home.

*NOTE: There is no added fee when a license plate is transferred from a passenger car, pickup, or van owned by an individual to another passenger car, pickup, or van owned by the same individual. The pickup or van must weigh 5,000 pounds or less.*

#### **7-5.13 Transfer of Individual's Passenger Plate:**

**a) \$8 Transfer Fee Only – No Added Fee:**

- 1) Passenger Car to Passenger Car;
- 2) Passenger Car to Pickup or Van weighing 5,000 lbs. or less;
- 3) Motor Home to Motor Home;
- 4) Motor Home to Passenger Car;
- 5) Motor Home to Pickup or Van weighing 5,000 lbs. or less.

**b) \$8 Transfer Fee Plus Any Added Fee:**

- 1) Passenger Car to Motor Home – Method 1;
- 2) Passenger Car to Pickup or Van weighing over 5,000 lbs. – Method 1;
- 3) Passenger Car to any other Full-year Commercial Vehicle – Method 2;
- 4) Passenger Car to any vehicle with d/b/a (doing business as) – Method 2;
- 5) Passenger Car to Motorcycle – Method 2;
- 6) Passenger Car to Trailer – Method 1.

#### **7-5.14 Transfer of Passenger Plate Owned by a Company or Corporation:**

**a) \$8 Transfer Fee Only – No Added Fee:**

- 1) Passenger Car to Passenger Car;
- 2) Motor Home to Motor Home;
- 3) Motor Home to Passenger Car.

**b) \$8 Transfer Fee Plus Any Added Fee:**

- 1) Passenger Car to Motor Home – Method 1;
- 2) Passenger Car to any Pickup or Van (regardless of weight) – Method 2;
- 3) Passenger Car to Full-year Commercial – Method 2;
- 4) Passenger Car to Motorcycle – Method 2;
- 5) Passenger Car to Trailer – Method 2.

**7-5.15 Transfer of Pickup or Van Plate Owned by an Individual:****a) \$8 Transfer Fee Only – No Added Fee:**

- 1) Pickup or Van weighing 5,000 lbs. or less to Pickup or Van weighing 5,000 lbs. or less;
- 2) Pickup or Van weighing 5,000 lbs. or less to Passenger Car;
- 3) Pickup or Van weighing 5,000 lbs. or less to Motor Home;
- 4) Pickup or Van weighing over 5,000 lbs. to Pickup or Van weighing 5,000 lbs. or less.

**b) \$8 Transfer Fee Plus Any Added Fee:**

- 1) Pickup or Van weighing 5,000 lbs. or less to Pickup or Van weighing over 5,000 lbs. – Method 1;
- 2) Pickup or Van weighing 5,000 lbs. or less to Company or Corporation Pickup or Van – Method 2;
- 3) Pickup or Van weighing 5,000 lbs. or less to any other Full-year Commercial – Method 2;
- 4) Pickup or Van weighing 5,000 lbs. or less to Motorcycle – Method 2;
- 5) Pickup or Van weighing over 5,000 lbs. to Pickup or Van over 5,000 lbs. – Method 1;
- 6) Pickup or Van weighing over 5,000 lbs. to Passenger Car – Method 1;
- 7) Pickup or Van weighing over 5,000 lbs. to Motor Home – Method 1;
- 8) Pickup or Van over weighing 5,000 lbs. to Motorcycle – Method 2;
- 9) Pickup or Van over weighing 5,000 lbs. to any other Full-year Commercial – Method 2.

**7-5.16 Transfer of Full-year Commercial Plate:****a) \$8 Transfer Fee Plus Any Added Fee:**

- 1) Commercial to any Passenger Car – Method 1;
- 2) Commercial to any Pickup or Van – Method 1;
- 3) Commercial to Motorcycle – Method 2;
- 4) Commercial to any other Full-year Commercial – Method 1;
- 5) Commercial to any Trailer – Method 1.

**7-5.17 Transfer of Company-owned or Corporation-owned Trailer Plate:****a) \$8 Transfer Fee Plus Any Added Fee:**

- 1) Trailer to any Passenger Car – Method 1;
- 2) Trailer to any Pickup or Van – Method 1;
- 3) Trailer to any Full-year Commercial – Method 1;
- 4) Trailer to Motorcycle – Method 2;
- 5) Trailer to Trailer – Method 1.

**7-5.18 Transfer of Individual's Trailer Plate:****a) \$8 Transfer Fee Plus Any Added Fee:**

- 1) Trailer to any Passenger Car – Method 1;
- 2) Trailer to any Pickup or Van – Method 1;
- 3) Trailer to any Full-year Commercial – Method 2;
- 4) Trailer to Motorcycle – Method 2;
- 5) Trailer to Trailer – Method 1;

**7-5.19 Transfer of Three-month or Six-month GVW Plate:****a) \$8 Transfer Fee Plus Added Fee if Weight Increased:**

- 1) Three-month GVW to Three-month GVW – Method 1 (no other transfers permitted);
- 2) Six-month Commercial to Six-month Commercial – Method 1 (no other transfers permitted).

**b) License Plate Transfer with Replacement Plate.** If an owner has a valid registration to transfer but has lost the plate, the registration can still be transferred. An additional \$5 is due for a replacement plate. Enter \$5 in the License Fee box and note "Replacement Plate Needed" in the Remarks section.

**c) Computing Added Fees – Method 1 – No Change of Expiration Date.** This method of computing added fees is used for:

- 1) Birthday to Birthday (no change of expiration date is allowed);
- 2) First of Month to the same First of Month;
- 3) Fixed Date to the same Fixed Date.

Step 1 – Locate the 12-month fee for the "old" vehicle using the value or weight fee chart;

Step 2 – Locate the 12-month fee for the “new” vehicle using the plate fee chart;

Step 3 – Subtract “1” from “2” to find the difference. Do not round off;

Step 4 – Divide the difference in fees as determined in Step 3 by 12. Do not round off to the nearest cent (save this total for Step 6);

Step 5 – Determine the number of months remaining to the expiration date. Count both the present month and the month of expiration. When the present month and the month of expiration are the same, allow only a one-month credit;

Step 6 – Multiply the difference in fees (Step 4) by the number of months remaining (Step 5). This is the added fee due. Round off to the nearest cent.

*NOTE: There is no refund of fees if the old vehicle credit is greater than the new vehicle fee.*

**Method 1 Example:** Today’s Date: *May 29*

Old Vehicle:.....	Stake Truck	New Vehicle:.....	Tank Truck
Expiration:.....	February 28	Expiration:.....	February 28
Weight:.....	4,755	Weight:.....	32,000 GVW
12-Month Fee:.....	\$111	12-Month Fee:.....	\$649

Step 1 – Old vehicle 12-month fee = \$111;

Step 2 – New vehicle 12-month fee = \$649;

Step 3 – Difference: \$649 - \$111 = \$538;

Step 4 – Divide difference:  $\$538 \div 12 = \$44.833$ ;

Step 5 – Months remaining: 10 (May through February);

Step 6 –  $10 \times \$44.833 = \$448.33$  (added fee due).

**d) Computing Added Fees – Method 2 – Change of Expiration Date.** This method of computing added fees is used when the license plate expiration date must be changed. This method is required for:

- 1) Birthday transferred to Fixed Date (February 28 or March 31);
- 2) First of Month transferred to a Fixed Date (February 28 or March 31);
- 3) Fixed Date transferred to a different Fixed Date (February 28 to March 31, March 31 to February 28).

*NOTE: The difference between Method 1 and Method 2 is there are two computations of the number of months remaining rather than one.*

**Method 2 – Determining the Old Vehicle Credit:**

Step 1 – Locate the 12-month fee for the “old” vehicle using the value or weight fee chart;

Step 2 – Divide this “old” vehicle fee by 12. It is not necessary to round off to the nearest cent;

Step 3 – Determine the number of months remaining to the “old” vehicle expiration date. Count both the present month and the month of expiration. When the present month and the month of expiration are the same, allow only a one-month credit;

Step 4 – Multiply the fee-per-month (Step 2) times the number of months remaining (Step 3). This is the credit for the “old” vehicle and is used again in Step 9. Round off to the nearest cent.

**Method 2 – Determining the New Vehicle Credit:**

Step 5 – Locate the 12-month fee for the “new” vehicle using the value or weight fee chart;

Step 6 – Divide this “new” vehicle fee by 12. It is not necessary to round off to the nearest cent;

Step 7 – Determine the number of months remaining to the “new” vehicle expiration date. Count both the present month and the month of expiration. When the present month and the month of expiration are the same, count them as one month, not two;

Step 8 – Multiply the fee-per-month (Step 6) times the number of months remaining (Step 7). Round off to the nearest cent. This “new” vehicle fee is used in Step 9;

Step 9 – Subtract the “old” vehicle credit established in Step 4 from the “new” vehicle fee established in Step 8. This is the added fee due.

**Method 2 Example:** Today’s Date: *August 8*

Old Vehicle:.....	Pickup	New Vehicle:.....	Stake Truck
Expiration:.....	November 15	Expiration:.....	February 28
Weight:.....	5,260	Weight:.....	28,000 GVW
12-Month Fee:.....	\$122	12-Month Fee:.....	\$558

**Old Vehicle:**

Step 1 – Old vehicle 12-month fee = \$122;

Step 2 –  $\$122 \div 12$  (months) = \$10.16 (fee-per-month);

Step 3 – Months remaining: 4 (August through November);

Step 4 –  $\$10.16 \times 4 = \$40.64$  (credit).

**New Vehicle:**

Step 5 – New Vehicle 12-month fee = \$558;

Step 6 –  $\$558 \div 12$  (months) = \$46.50;

Step 7 – Months remaining: 7 (August through February);

Step 8 –  $\$46.50 \times 7 = \$325.50$  (new vehicle plate fee);

**Added Fee:**

Step 9 –  $\$325.50$  (Step 8) -  $\$40.64$  (Step 4) = \$284.86 (added fee due)

- e) **International Registration Plan.** Michigan is a member of the International Registration Plan (IRP) and issues “apportioned” plates. These are plates where the registration fee is collected by one state and then distributed, on an apportioned basis, to all of the states through which the commercial vehicle will be traveling. Special IRP plates are required for certain trucks that engage in interstate operations (see below). A regular commercial plate or GVW plate cannot be used. If a dealer sells one of these trucks to a purchaser who will be driving interstate (outside of Michigan), the purchaser must contact the IRP Unit in Lansing to acquire the IRP plate. A dealer’s local Secretary of State branch office is not involved. The IRP Unit’s address is as follows:

Michigan Department of State  
IRP Unit  
P.O. Box 30029  
Lansing, MI 48909-7529

Location: Secretary of State Office  
Building  
State Secondary Complex  
7064 Crowner Drive  
Lansing, MI

Telephone: 517/322-1097

Vehicles which must have IRP plates are those used to transport passengers for hire or designed and used for the transportation of property and meet one or more of the following criteria:

- 1) Have a gross vehicle weight of 26,000 pounds or more; or,
- 2) Have three or more axles, regardless of weight; or,
- 3) Are used in combination and the total weight exceeds 26,000 pounds.

Any specific questions regarding IRP plates should be directed to the IRP Unit.

## Section 7-6

### TAX SECTION

**7-6.1 Taxable Dealer Services and Other Charges Appearing on RD-108.** Some dealer services may be taxable. See Chapter 8, Sales Tax, for more information.

- a) The following vehicle-related sales charges or deductions are taxable. Enter the total on line 2 of the RD-108.
  - 1) Manufacturer's rebate;
  - 2) Document preparation fee. Maximum fee is \$40 (see Section 7-4.3); and,
  - 3) Preparation charges.
- b) The following items are taxable if they are not optional and must be purchased with the vehicle. If purchased as an add-on option (separate charge), no tax is due (list on line 5 of the RD-108):
  - 1) Manufacturer's extended warranty (purchased by customer); and,
  - 2) Rustproofing, fabric, or paint protection.

**7-6.2 Dealer Rebates and Discounts.** Rebates and discounts offered by the dealership (not the manufacturer) are not included in the purchase price. Tax is not due.

**7-6.3 Dealer Titles.** If a vehicle is titled in the name of the dealership, the transaction is always taxable unless a resale or lease title is obtained.

**7-6.4 Farm Trucks.** Farm trucks used exclusively on the farm may be tax-exempt. No plate is issued. See Chapter 8 for more information.

**7-6.5 Federal Excise Tax on RD-108 for New Truck Purchases.** If a dealer sells a new truck which has a gross vehicle weight rating over 33,000 pounds, the RD-108 should reflect that the 12% federal excise tax is included in the truck purchase price.

On line 5 of the RD-108 (Labor or Other Non-Tax Charges), enter the 12% federal excise tax. The Secretary of State branch office does *not* collect the excise tax. The dealer pays the excise tax directly to the U.S. Internal Revenue Service.

*NOTE: This 12% excise tax is not included in the total price upon which Michigan sales tax is paid, provided the excise tax is separately stated. (The truck owner does not pay Michigan sales tax on federal excise tax.)*

**7-6.6 Gifts and Prizes.** A vehicle awarded as a gift or prize is taxable.

**7-6.7 Government Vehicles.** Government-owned vehicles, including ambulances and fire trucks, are tax-exempt.

**7-6.8 Native American Indian Tribes and Members.** See Section 8-5.12 in Chapter 8, Sales Tax, for information.

**7-6.9 In-transit Permits.** In most cases when a dealer is selling a vehicle to a nonresident who will be taking it to his/her home state for titling and registration, tax is due with the 14-day in-transit permit. See Chapter 8, Section 8-4, for more information on in-transit permits and tax reciprocity.

**7-6.10 Leased Vehicles.** Any down payment (capitalized cost reduction) received on a leased vehicle is considered the first lease payment and is subject to use tax, not sales tax. Use tax may not be remitted on the RD-108. See Chapter 8 for more information.

A dealer acting on behalf of a leasing company may collect the use tax and remit it on the dealer's monthly sales, use, and withholding tax return. Indicate the lessor's use tax registration number and a statement "for lease" in the Remarks section of the RD-108. The RD-108 may then be processed without a tax payment.

Questions about leasing vehicles or sales tax refunds should be directed to the Michigan Department of Treasury, Sales, Use, and Withholding Taxes Division, at 517/373-3190.

**7-6.11 Leased Vehicles – Tax Status and 14-Day In-transit Permits.** When a dealer delivers a vehicle to a leasing company, the transaction is tax-exempt if the leasing company's Michigan tax registration number is shown on the RD-108. These leasing companies can apply for a 14-day in-transit permit. If the leasing company does not have a Michigan tax registration number, the vehicle is subject to Michigan sales tax when delivery is taken here.

**7-6.12 Manufacturer Rebates.** Tax is due on manufacturer rebates. The amount of the rebate cannot be deducted from the vehicle purchase price before computing sales tax. This rule applies even when credit is given at the time of sale and the owner will not receive a rebate check in the mail.

**7-6.13 Nonprofit Organizations.** Vehicles acquired by certain nonprofit organizations, institutions or agencies may be tax-exempt. This includes nonprofit schools, hospitals, and homes for children or the elderly. Organizations such as Girl Scouts and Boy Scouts and social and fraternal organizations such as Lions Club, Kiwanis Club, Rotary International, etc., may be tax-exempt.

- a) To qualify for the tax exemption, the following conditions must be met:
  - 1) Form C-3136, Letter of Exempt Determination, or the organization's letter of exemption from the IRS, indicating it is exempt as a 501(c)(3) or 501(c)(4) organization, must be submitted. This applies to all nonprofit organizations other than a nonprofit school, nonprofit hospital, or government agency. Keep this form in the dealer's file of the vehicle sale.
  - 2) The vehicle must be titled in the name of the nonprofit agency; and,
  - 3) The vehicle must be used exclusively for public service (no personal use).

- b) **Vehicles Used for Religious Purposes:** Churches and houses of worship are taxed on vehicle purchases except for vans and buses with a manufacturer's rated seating capacity of 10 or more passengers. Some religious organizations qualify for a tax exemption on the purchase of a school bus titled in the name of the school. For questions regarding the necessary qualifications, please contact the Michigan Department of Treasury, Sales, Use, and Withholding Taxes Division, at 517/373-3190.

*NOTE: Federal law prohibits a dealer from selling or leasing to public, private, or parochial schools a new vehicle that carries 11 or more persons and is likely to be significantly used to transport students to or from school and school-related events unless the vehicle meets the National Highway Traffic Safety Administration standards applicable to school busses.*

**7-6.14 Out-of-state Delivery.** The Michigan Department of Treasury and the Michigan Automobile Dealers Association have developed a system for dealers to make tax-exempt "export sales." See Chapter 8, Section 8-5.15, for more information.

## **Section 7-7**

### **REPEAT OFFENDER PROGRAM (REGISTRATION DENIAL)**

**7-7.1 Repeat Offender Program.** The Repeat Offender program is a series of laws which provide increased penalties for persons with alcohol-related offenses and persons driving while their driver license is suspended. The laws not only increase the sanctions against these drivers, but also impose penalties against the offender's vehicle in the form of plate confiscation, vehicle immobilization, registration denial, or installation of ignition interlock devices.

**7-7.2 Definition.** A "repeat offender" is a driver who is arrested (not convicted) for either of the following:

- a) Their second (or more) drunk driving violation; or,
- b) Their third (or more) driving while their license is under a mandatory suspension or revocation.

*NOTE: This definition identifies a repeat offender. For information on thresholds that affect registration of vehicles, see Section 7-7.4.*

**7-7.3 Selling Vehicles to Repeat Offenders.** Dealers may legally sell vehicles to repeat offenders. However, a person who attempts to purchase or lease a vehicle during a period of registration denial is guilty of a misdemeanor (MCL 257.233).

**7-7.4 Registration Denial.** Effective June 1, 2000, the Secretary of State began to notify persons who are subject to registration denial that no vehicle which a repeat offender owns, co-owns, leases, or co-leases will be registered or plated. Registration denial applies only to those repeat offenders with 3 or more alcohol-related convictions or 4 or more violations of driving while their license is under a mandatory suspension or revocation, and their driver license is currently suspended or revoked. These transactions can only be processed as "title-only" by the Secretary of State branch office. Dealers must return registration and plate fees to the customer.

**7-7.5 Registration Status Web Site.** The Department of State has developed an Internet site for use by dealers in determining registration status of potential vehicle purchasers. This site may be accessed at [www.michigan.gov/sos](http://www.michigan.gov/sos) by clicking on “Services to Businesses.” It provides information using either a Michigan driver license number or Michigan personal ID card number. Department of State staff cannot check registration status over the telephone.

**7-7.6 Plate Transfers.** Repeat offenders may not transfer any temporary paper plates issued by law enforcement (commonly referred to as a 904C permit) to another vehicle. This is not to be confused with the BFS-4 temporary permit that is issued by dealers.

**7-7.7 Purchasing Vehicles from Repeat Offenders.** Repeat offenders may sell vehicles to dealerships if the dealership is not owned by an immediate family member (i.e., spouse, mother, father, brother, sister, children, stepparent, stepchildren, stepbrother, stepsister, grandparent, grandchildren, legal ward, or legally-appointed guardian) of the repeat offender.

**7-7.8 Ignition Interlock.** Dealers should not purchase or accept as trade-in a vehicle with an ignition interlock device still installed. The ignition interlock device is merely rented. It is the driver’s responsibility (not the dealer’s) to have the ignition interlock provider remove the device from the vehicle. After the device has been removed, the dealer may purchase the vehicle or accept it as a trade-in.

**7-7.9 Dealer Plates.** Metal dealer plates are not subject to plate confiscation under the repeat offender law. However, BFS-4 15-day temporary permits issued by dealers are subject to confiscation under the repeat offender law.

**7-7.10 Dealership Employees Who Are Repeat Offenders.** The Department of State offers a subscription service which provides employers with employee driving records. After an account has been established by the dealer, the department provides a copy of each employee’s driving record at least once every 12 months. The employer is also automatically notified any time the department receives information indicating a driver has received a moving violation, suspension, restriction, or revocation. The service costs \$6.55 per year for each employee being monitored and then \$6.55 for any update that is sent because of changes to the driver’s record. You may contact the Secretary of State Record Look-Up Unit at 517/322-1624 for forms and information.

**7-7.11 Paper Plates.** If police arrest a driver for their second (or more) drunk-driving offense, or their third (or more) driving while license suspended offense, the law enforcement officer will confiscate the vehicle’s metal plate and issue a paper plate. The metal plate will be confiscated even if the driver is not the owner of the vehicle. The paper plate stays with the vehicle until the allegations are adjudicated by a court or until the vehicle is sold to a non-family member or traded in. The paper plate has the same expiration date as the confiscated metal plate.

**7-7.12 Acquiring and Selling a Vehicle with a Paper Plate.** Dealers acquiring a vehicle with a paper plate may remove the paper plate and operate the vehicle with dealer plates. If the dealer sells the vehicle, a new registration (new metal plate) should be applied for on behalf of the purchaser, or the purchaser may transfer his/her existing plate to the vehicle.

**Table 3****LEASED VEHICLE/TYPE OF FEE AND EXPIRATION DATES**

Use the following guidelines for leased vehicles:

<b>Type of Vehicle:</b>	<b>Lessee:</b>	<b>Plate Type:</b>	<b>Expires on:</b>	<b>Type of Fee:</b>
Passenger car or motor home	Lessee is an individual	Passenger	Lessee's birthday	Prorated ad valorem
Passenger car or motor home	Lessee is a business	Passenger	April 1 (or the first of any month).	Prorated ad valorem
Passenger car or motor home	Lessee is an individual using the vehicle commercially	Commercial	Lessee's birthday	Compute both fees (prorated ad valorem and weight). Use whichever is greater
Passenger car or motor home	Lessee is a business using the vehicle commercially	Commercial	February 28	Compute both fees (prorated ad valorem and weight). Use whichever is greater
Pickup truck or van	Lessee is an individual	Commercial	Lessee's birthday	Prorated ad valorem. If over 5,000 lbs., use weight.
Pickup truck or van	Lessee is a business	Commercial	February 28	Ad valorem (no proration). If over 5,000 lbs., use weight.
All other commercial vehicles	Lessee is an individual or a business	Commercial	February 28	Weight (no proration).

Note: Leased vehicles with a birthday expiration are eligible for special plates (personalized, ARO, veteran, special organization, etc.).

**Table 4**  
**Vehicle Registrations**

<b>Vehicle Type and Owned by</b>	<b>Plate Series Used</b>	<b>Expiration Date</b>	<b>How and When Original Plate is Sold</b>	<b>Plate Can be Renewed</b>
Passenger vehicle owned by an individual not used commercially	Passenger	Owner's birthday	1984 or later model – prorated by ad valorem. 1983 or earlier model – prorated by weight.	45 days ahead or with TR-3. 6 months ahead with reason.
Passenger vehicle owned by an individual used commercially	Regular commercial	Owner's birthday	1984 or later model – ad valorem or commercial weight, whichever is higher. 1983 or earlier model – prorated by weight.	45 days ahead or with TR-3. 6 months ahead with reason.
Passenger vehicle owned by a business not used commercially. Includes rental cars	Passenger	April 1 or the first of any month	1984 or later model – prorated by ad valorem. 1983 or earlier model – prorated by weight.	120 days ahead or with TR-3.
Passenger vehicle owned by a business used commercially	Regular commercial	Feb. 28 (Or could go six months, see below)	Sold on Oct. 1 for 12-month fee. Half-fee on Sept. 1. 1984 or later model – ad valorem or commercial weight, whichever is higher. 1983 or earlier model – 12-month weight fee.	Oct. 1
Motorcycle owned by individual	Motorcycle	Owner's birthday	Sold anytime. \$23 fee is prorated for original.	45 days ahead or with TR-3. 6 months ahead with reason.
Motorcycle owned by company	Motorcycle	April 1	Sold anytime. \$23 flat fee.	120 days ahead or with TR-3.
Pickup truck or van 5,000 lbs. or less owned by an individual	Passenger (Or commercial if used commercially)	Owner's birthday	1984 or later model – prorated by ad valorem. 1983 or earlier model – prorated by empty weight.	45 days ahead or with TR-3. 6 months ahead with reason.
Pickup truck or van over 5,000 lbs. owned by an individual	Passenger (or commercial if used commercially; may go GVW)	Owner's birthday	Prorated by empty weight (no ad valorem fees).	45 days ahead or with TR-3. 6 months ahead with reason.
Pickup truck or van 5,000 lbs. or less owned by a business	Regular commercial	Feb. 28 (Or could go six months, see below)	Sold on Oct. 1 for 12-month fee. Half-fee on Sept. 1. 1984 or later model – ad valorem. 1983 or earlier model – empty weight.	Oct. 1
Pickup truck or van over 5,000 lbs. owned by a business	Regular commercial (could go GVW)	Feb. 28 (Or could go six months, see below)	Sold on Oct. 1 for 12-month fee. Half-fee on Sept. 1. Use empty weight fee for trucks over 5,000 lbs.	Oct. 1
All other commercial vehicles including GVW 12-month fee	Regular commercial or GVW plate	Feb. 28	Sold on Oct. 1 for 12-month fee. Half-fee on Sept. 1. Weight fees only.	Oct. 1
6-month fee	Regular commercial or GVW plate	6 months from date of issue	Sold anytime. To qualify, 12-month fee must be \$50 or more. \$10 service fee due.	45 days ahead (reuse plate)
3-month GVW fee	GVW plate only	3 months from date of issue	Sold anytime. Must be a GVW fee. Collect 3-month GVW fee plus \$10 service fee.	45 days ahead (reuse plate)
Trailer or trailer coach owned by an individual or a business	Trailer	Non-expiring	Sold anytime. Fee based on empty weight.	None (non-expiring permanent plate)

*Revised 4/4/05*